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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004624

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COMMERCE FOR ITA/USFCS/ADVOCACYCENTER, STATE EB/TRA AND  
NEA/ARP

E.O. 12958: DECL: 12/12/2011  
TAGS: [BEXP](#) [EAIR](#) [KU](#)  
SUBJECT: AMBASSADOR ADVOCATES FOR BOEING WITH  
COMMUNICATIONS MINISTER AND AMIRI ADVISOR

REF: A. KUWAIT 4584

[1](#)B. KUWAIT 4555

Classified By: Ambassador Richard LeBaron for reasons 1.4 (b) and (d)

[1](#)1. (C/NF) On 11 December the Ambassador met with Minister of Communications Dr. Massouma Al-Mubarak, Under Secretary of Communications Abdulaziz Alosaimi, and Kuwait Airways Director of Planning and International Affairs Dawoud Al-Dawoud to discuss plans to expand and upgrade the Kuwait Airways fleet. (Note: The Kuwait Civil Aviation Authority and Kuwait Airways both fall under the purview of the Ministry of Communications. End Note.) The Ambassador also met with the Amir's Economic Advisor Dr. Youssef Al-Ebraheem. He stressed two points in both meetings: first, Boeing should be allowed to compete on an open and level playing field with the winner being determined on the basis of technical merit. The Ambassador's second point was that the shared goal of Boeing and the USG is "to sell airplanes, not pieces of airplanes." He indicated that a deal in which Kuwait Airways purchased Airbus planes based on the rationale that the Airbus contains considerable U.S. content would not be considered a favorable outcome.

[1](#)2. (C/NF) The Minister said that Boeing had once been the dominant player in the region but had neglected the Gulf in recent years in favor of larger markets. She added, however, that Boeing had finally changed its approach and become more responsive and attentive to the Gulf market. The Minister said there is now even competition between Boeing and Airbus. She emphasized that Kuwait Airways is "most interested in quality, time, and price." Regarding time, she said that Boeing needed to be able to provide a desirable interim solution to meet Kuwait's near-term needs. Director Dawoud said that Boeing would not be able to deliver the 787 until [1](#)2014. The Ambassador responded that Boeing has extensive experience and expertise in providing interim solutions. Director Dawoud supported the Minister's view that Boeing had made the transition from being neglectful of the Gulf market to being more attentive in the last 12-18 months. He added that after a number of years with "no new products," Boeing now had one of the most attractive emerging products in the market in the 787.

[1](#)3. (C/NF) The Minister mentioned that when she recently met Boeing representatives in Washington, they expressed concerns to her that the Amir's visit to France indicated favoritism towards Airbus. The Minister said she answered that prior to the Amir's visit to France, he had visited the United States in September to meet with President Bush. She said she assured Boeing that competition for the Kuwait Airways deal

would be fair and open.

14. (C/NF) The Ambassador made the same points in a meeting later in the day with Dr. Al-Ebraheem, noting that he had discussed the matter with the Minister of Communication and with the head of Kuwait Airways (Ref B). Al-Ebraheem, who accompanied the Amir on his recent visit to France, said the Amir had met with Airbus executives in Paris, who had expressed concern themselves about the lack of a level playing field given the strength of the U.S.-Kuwait relationship. The Amir told Airbus the matter was not in his hands. He also told the French the GOK did not want to work through any agents or middlemen in reaching a decision. Doing so would increase costs and agitate the political landscape, Al-Ebraheem said. He assured the Ambassador that given political conditions (including Parliamentary scrutiny) in Kuwait at this time, the GOK would not allow for a "non-professional" decision on this airplane deal. He said the Ambassador was doing the right thing by raising the issue aggressively with the key Kuwaiti decision-makers.

15. (C/NF) The Ambassador said he had heard the Prime Minister would be the key decision-maker on the deal, and the Ambassador believed, though he had not spoken to him directly, that the PM was approaching the deal as a political decision in an attempt to satisfy both parties. The Ambassador reiterated that buying American "parts" for an Airbus fleet was not a satisfactory outcome. Saying he was speaking as a friend, Al-Ebraheem stated he was close to the Amir and less close to the PM. People said the PM was more of a Europhile because of his French education. But "this is not the PM's decision," Al-Ebraheem asserted. A win-win situation for Boeing and Airbus was one in which a choice was made on technical merits and price and with transparency. The Ambassador added that he hoped the Amir's directive

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against agents was being publicized; Al-Ebraheem thought there had been a mention of this in the press. (We are looking for it.)  
LEBARON